

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE INSPECTOR GENERAL**

**AUDIT OF PARKING FEE REVENUES  
AT THE UNIVERSITY OF THE DISTRICT  
OF COLUMBIA  
FOR THE PERIOD  
AUGUST 1, 1997 TO MAY 15, 1998**

**CHARLES C. MADDOX, ESQ.  
INSPECTOR GENERAL**

GOVERNMENT OF THE DISTRICT OF COLUMBIA

★ ★ ★  
[REDACTED]  
[REDACTED]

OFFICE OF THE INSPECTOR GENERAL

717 14TH STREET, N.W., 5TH FL.  
WASHINGTON, D.C. 20005  
(202) 727-2540

July 26, 1999

Dr. Julius F. Nimmons, Jr.  
President  
University of the District of Columbia  
4200 Connecticut Avenue, N.W.  
Washington, D.C. 20008

Dear Dr. Nimmons:

Enclosed is the final report summarizing the results of our audit of the University of the District of Columbia (UDC) parking fee revenues (OIG-19-99GF-9919).

Our audit showed that a theft of \$69,006 of parking fee revenues occurred during the audit period of August 1, 1997 to May 15, 1998. Additionally, we identified other deficiencies such as: (1) insufficient management controls at all levels of operations in the parking fee collection process; (2) absence of written procedures over fiscal operations concerning the duties and responsibilities of the facility maintenance staff; and (3) lack of segregation of duties with regard to handling, depositing, and recording of cash. These deficiencies allowed the theft to occur.

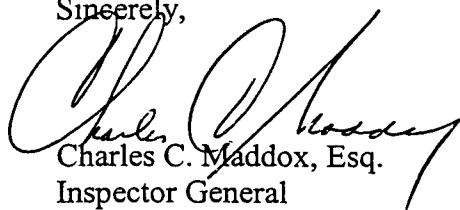
Accordingly, this report contains recommendations concerning the restitution of stolen funds, establishment of written operating procedures over cash collections, and management of personnel.

In commenting on a draft of this report, the Senior Administrator for University Services agreed with our recommendations and cited specific actions to correct the noted deficiencies. The full text of UDC's response is included as Attachment A to the enclosed report. These comments have been incorporated as appropriate in the report. We find that the response and the proposed corrective actions are acceptable.

Dr. Julius F. Nimmons, Jr.  
President  
July 26, 1999  
Page 2 of 2

We appreciate the cooperation and courtesies extended to our staff by UDC personnel during the audit. If you have any questions on this report or need additional information, please feel free to call me at (202) 727-2540, or John N. Balakos, Assistant Inspector General for Audits, at (202) 727-8279.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charles C. Maddox".

Charles C. Maddox, Esq.  
Inspector General

Enclosure

**AUDIT OF PARKING FEE REVENUES  
AT THE UNIVERSITY OF THE DISTRICT OF COLUMBIA  
FOR THE PERIOD  
AUGUST 1, 1997 TO MAY 15, 1998**

**TABLE OF CONTENTS**

<b>I. INTRODUCTION AND PURPOSE .....</b>	<b>1</b>
<b>II. BACKGROUND .....</b>	<b>1</b>
<b>III. OBJECTIVES, SCOPE AND METHODOLOGY .....</b>	<b>1</b>
<b>IV. REVIEW OF INTERNAL CONTROLS.....</b>	<b>2</b>
<b>V. SUMMARY AND CONCLUSIONS .....</b>	<b>2</b>
<b>VI. FINDINGS .....</b>	<b>3</b>
<b>VII. RECOMMENDATIONS.....</b>	<b>5</b>
<b>ATTACHMENT A.....</b>	<b>8</b>

**AUDIT OF PARKING FEE REVENUES  
AT THE UNIVESITY OF THE DISTRICT OF COLUMBIA  
FOR THE PERIOD  
AUGUST 1, 1997 TO MAY 15, 1998**

**I. INTRODUCTION AND PURPOSE**

The Office of the Inspector General (OIG) has completed an audit of parking fee revenues collected at the main garage at the University of the District of Columbia (UDC) for the period August 1, 1997 to May 15, 1998. The audit was performed at the request of the Chief Financial Officer (CFO) of UDC, after the CFO's review of parking fee revenues disclosed that a portion of the revenues was not deposited for the months of April and May 1998. The cash receipts derived from daily parking charges and the sale of parking decals to students, faculty, and employees are collected and deposited with the UDC cashier and coded into general ledger account P521.

**II. BACKGROUND**

The UDC is an urban land grant institution established in 1977 as a result of the consolidation of the District of Columbia Teachers' College, Federal City College, and Washington Technical Institute. The University was established to provide access and affordable educational opportunities for District of Columbia residents. Accordingly, the University is committed to providing outstanding instructional services, engaging in research, and providing services to the community through its public service components.

**III. OBJECTIVES, SCOPE AND METHODOLOGY**

The audit objectives were to evaluate and document parking fee collections and to determine whether internal controls over collections were adequate at the UDC Van Ness campus.

To assess whether these internal control objectives were met, we reviewed policies and procedures, and tested accounts and transactions related to parking fee revenues. We interviewed the UDC officials having administrative or supervisory responsibilities, as well as the UDC personnel responsible for specific cash receipt duties and functions.

Our audit was conducted in accordance with generally accepted government auditing standards.

#### **IV. REVIEW OF INTERNAL CONTROLS**

The objectives of an internal control structure are to: (1) provide management with reasonable, but not absolute, assurance that a program is operating as required to meet its mission; (2) safeguard assets against loss from unauthorized use or disposition; and (3) ensure that transactions are executed in accordance with management's authorization and are recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Accordingly, we examined the internal control structure of the UDC in regard to collection of parking lot fees, including applicable internal administrative controls that have a material impact on the results of cash handling activities. In planning and conducting the audit, consideration was given to the concepts of materiality and control risks. The audit disclosed material weaknesses in the internal control structure relative to the cash handling activities.

The management of UDC is responsible for establishing and maintaining internal controls. In fulfilling this responsibility, estimates and judgments are required to assess the expected benefits, and the related cost of control structure for policies and procedures.

#### **V. SUMMARY AND CONCLUSIONS**

The OIG identified many deficiencies during its audit at the UDC Van Ness campus. Most notably, the theft of \$69,006 of parking fee revenues occurred during the audit period. In addition to the theft of \$69,006 of parking fee revenues, we identified other deficiencies such as: (1) insufficient management controls at all levels of operations in the parking fee collection process; (2) absence of written procedures over fiscal operations concerning the duties and responsibilities of the facility maintenance staff; and (3) lack of segregation of duties with regard to cash handling, depositing, recording of cash. These deficiencies allowed the theft to occur.

On September 9, 1998, officials from the OIG met with an Assistant U.S. Attorney (AUSA) to discuss the preliminary results of our work completed at UDC and the possible criminal implications. We were asked to pursue our audit/investigation to identify the amount of stolen funds and the irregularities that may have occurred. On September 18, 1998, during an interview with one of the parking lot attendants at UDC, a confession was obtained that monies from the daily parking lot revenues had been taken over a period of at least 17 months. The exact amount of missing revenues for the entire time period could not be identified. However, it was determined that during the audit period of August 1, 1997 to May 15, 1998, \$69,009 of revenues were missing.

On May 6, 1999, the former employee was arraigned in Federal court. The employee pleaded guilty to a charge of theft in the amount of \$69,006. The judge set the sentencing date for July 28, 1999.

## VI. FINDINGS

### LACK OF CONTROLS OVER COLLECTIONS

We found that revenues from daily parking fees were not deposited with the UDC cashier. Based on our review of the accounting records and supporting documentation, we identified that \$69,006 of parking fee revenues were collected during the period of August 1, 1997 to May 15, 1998, for which there was no corresponding reconciliation sheet or deposit ticket on file. The loss of these revenues occurred routinely, systematically, and consistently during the period under audit.

The internal controls were not sufficient to ensure that collections were adequately safeguarded against theft, misappropriation, or loss. Moreover, UDC had not established written internal procedures for receiving, counting, recording, safeguarding, and depositing cash receipts. Our audit revealed that:

- There were no procedures to account for parking fee revenues.
- Cash handling responsibilities were not segregated.
- Cash was not adequately safeguarded.
- Significant delays occurred in depositing parking fee revenues.

Each agency is responsible for establishing guidelines and procedures that provide for the necessary internal controls to ensure that revenues and cash receipts are properly recorded and accounted for in accordance with generally accepted accounting principles. Also, written guidelines and procedures are necessary to clearly define the duties and responsibilities of employees involved in the activities of processing revenues.

General Accounting Standards require that management establish effective management controls. Such controls include the systems for measuring, reporting, and monitoring program performance. In the specific area of safeguarding resources, management controls should include policies and procedures to provide reasonable assurance that resources are safeguarded against waste, loss, and misuse.

Furthermore, the Accounting and Auditing Standards state that management is responsible for establishing an effective internal control structure. This structure includes control procedures, which are to provide reasonable assurance that specific entity objectives will be achieved. Such procedures are also developed to ensure:

- adequate segregation of duties exists so that no person shall be in a position to both perpetrate and conceal errors or irregularities in the normal course of duties;
- proper design and use of adequate documentation and records to help ensure the proper recording of transactions and events;

- adequate safeguards over access to and use of assets and records, such as secured facilities, independent checks on performance, proper validation of recorded amounts such as clerical checks, and/or reconciliation's;
- management review of reports that summarize the details of account balances; and
- user review of computer-generated reports.

In an interview of the Senior Program Manager in charge of Facility Maintenance at UDC, we were told that there was no accountability or control system in place to monitor, track or safeguard parking collections. The Senior Program Manager explained that, due to a 246-person staff reduction at the University in March of 1997, the parking garage collections were not monitored.

### **No Procedure Exists To Account For Parking Fee Revenues**

Our review of parking fee revenues disclosed that daily cash collections were not properly reconciled or maintained. For example, the deposits and corresponding reconciliation sheets were not reviewed by someone independent of the cash collection and depositing function to ensure that all amounts are properly accounted for and timely deposited with the UDC cashier. Additionally, the amount of cash collected was not reconciled daily to the cash register's tape meter reading. The supervisor in charge of making deposits did not attach the cash register tapes to the deposit ticket or reconciliation sheet. During our reconciliation of register tapes to amounts deposited with the UDC cashier and posted to the General Ledger some tapes were undated or missing. In some instances, we noted that the amounts deposited did not match the daily sale amounts shown on the register tapes. As a result, UDC could not determine whether all receipts were recorded and properly deposited with the cashier or misappropriated.

During our audit, we were informed that at the end of each workday, the cash register is closed out by one of the parking lot personnel. The cash in the drawer is counted and reconciled to the cash register tape. Any discrepancies are resolved, and the tape and funds are locked in the safe in the facility maintenance office until the next morning. At that time, the supervisor prepares a deposit ticket and a reconciliation sheet, and deposits the funds with the UDC cashier. However, without the cash register tape depicting the amount of revenues collected for the day in question, no verification of the funds collected or deposited can be made. We were also informed that no log sheet is maintained which would show the funds collected by the parking lot personnel with a corresponding amount deposited by the supervisor. There were no written procedures in place for making deposits.

### **Cash Handling Responsibilities Are Not Segregated**

Proper segregation of duties does not exist in the receipt, recording, and depositing of collections. We identified that cash collections are not separated during established shift changes and no procedure existed to separately account for daily cash collections between parking lot personnel. Additionally, both the parking lot personnel and supervisor were responsible for



collecting fees, preparing reconciliation sheets, corresponding deposit tickets, and making deposits.

In our opinion, persons in charge of collecting monies should not be allowed to make deposits. In addition, oversight is not performed by management at UDC and no written procedures exist defining the duties of each position.

Mayor's Memorandum 83-68, *Decentralization Accounting and Certification Systems* ... dated November 29, 1983, states that: "segregation of duties and functions should be maintained to ensure proper internal controls."

### **Cash Is Not Adequately Safeguarded**

During our audit, we were informed that daily collections were not properly secured in a locked safe. We did note that the facilities maintenance office did have a large, fireproof, safe. Upon questioning of persons who handle the cash collections for the parking garage, we were told that they often put the daily collections in the top desk drawer because they could not remember the safe combination or believed that it was too difficult to open. The supervisor stated that all persons who handled monies did know the combination. However, the personnel who handled the funds only started utilizing the safe within the last two months prior to our audit. Additionally, we were told that the office is always locked and the only persons with access are the three employees who worked as parking fee monitors. These same three persons were the only ones who knew the combination to the safe, which had not been changed in several years.

The lack of adequate physical security of funds can increase the opportunity for unauthorized access to the funds or the loss or theft of such funds.

## **VII. RECOMMENDATIONS**

We recommended that the President of UDC:

1. Initiate follow-up to ensure that restitution of the \$69,006 is received.

### **UDC'S RESPONSE**

UDC concurred with our recommendation and has agreed to establish a process in the Office of the Chief Financial Officer (OCFO) to receive and monitor the repayment of the \$69,006 in accordance with the court order.

### **OIG'S COMMENT**

Actions taken by UDC are responsive to the recommendation. The tracking of the funds will enable the UDC to collect and account for the \$69,006.

2. Require that the CFO of UDC take administrative action to establish written operating procedures for carrying out the duties and responsibilities of receiving, counting, safeguarding, recording, and depositing of cash collections.

**UDC'S RESPONSE**

UDC agreed with our recommendation and drafted parking garage policies and procedures, which will provide the basic guidelines for managing and collecting revenue from the University parking system. See Attachment A for policies and procedures.

**OIG'S COMMENT**

UDC's action is responsive to our recommendation.

3. Direct the CFO of UDC to take administrative action to establish written operating procedures which requires a cash register tape be attached to the reconciliation sheet and deposit ticket, to support the deposit made. Also, the original cash register tape should be maintained by someone outside the cash handling/deposit function and be periodically reconciled to the amounts deposited by the Senior Program Manager and to the general ledger.

**UDC'S RESPONSE**

UDC agreed with our recommendation and drafted parking garage policies and procedures, which provides guidance for the reconciliation of parking revenues. See Attachment A for policies and procedures.

**OIG'S COMMENT**

UDC's action is responsive to our recommendation.

4. Initiate effective security measures to ensure the adequate safeguarding of cash collections against loss, misuse or theft.

**UDC'S RESPONSE**

UDC responded to our finding by stating that effective security measures for adequate safeguarding of cash collections against theft, loss and misuse will be implemented.

**OIG'S COMMENT**

UDC 's action is responsive to our recommendation.

5. Monitor the activities of the parking lot personnel to ensure that revenues from parking lot fees are collected and that facility maintenance personnel are on-site and performing their duties.

**UDC'S RESPONSE**

UDC responded by stating that the University Services Senior Administrator will ensure that appropriate supervision of parking lot personnel will be maintained. On-site monitoring of personnel will occur three times a day. Additionally, all parking activities will be subject to internal audits without prior notification to staff.

**OIG'S COMMENT**

UDC actions are responsive to our recommendation.

**University of the District of Columbia**

ATTACHMENT A



**Office of the Senior Administrator  
for University Services  
4200 Connecticut Avenue, NW  
Washington, D.C. 20008**

**Telephone (202) 274-5313  
Fax No. (202) 275-5490**

**July 15, 1999**

**Mr. John N. Balakos, Assistant Inspector General  
for Audits  
Office of the Inspector General  
717 14<sup>th</sup> Street, N.W., 5<sup>th</sup> Floor  
Washington, D.C. 20005**

**Dear Mr. Balakos:**

**The following are the formal comments of the University of the District of Columbia to your draft report summarizing the results of the audit of the University of the District of Columbia (UDC) parking fee revenues (OIG-19-99GF). The comments will focus on the recommendation of the report.**

**Recommendations & Comments**

- 1. Initiate follow-up to ensure that restitution of the \$69,006 is received.**

**Response:**

**A process will be established in the Office of the Chief Financial Officer to receive and monitor the payment of the repayment of the \$69,006, according to the court order which will be issued in the upcoming months.**

- 2. Require that the CFO of UDC take administrative action to establish written operating procedures for carrying out the duties and responsibilities of receiving, counting, safeguarding, and depositing of cash collections.**

**Response:**

**See Attached Operating procedures**

- 3. Direct the CFO of UDC to take administrative action to establish written operating procedures which requires a cash register tape be attached to the reconciliation sheet and deposit ticket, to support the deposit made. Also, the original cash register tape should be maintained by someone outside the cash handling/deposit function and be periodically reconciled to the amounts deposited by the Senior Program Manager and to the general ledger.**

**Response:**

**See Attached Operating Procedure**

- 4. Initiate effective security measures to ensure the adequate safeguarding of cash collections against loss, misuse or theft.**

**Response:**

**The following measures will be implemented to ensure effective security measures for adequate safeguarding of cash collections against theft, loss and misuse:**

- a. University Services Senior Administrator will purchase a new fire proof safe and will manage who will have access to the safe/combination of the safe.**
- b. The combination to the safe will be changed when an employee leaves the parking unit.**
- c. University Services Senior Administrator will purchase an automatic gate system (for the parking booth) that will count vehicles, generate tickets and monitor cash received.**

5. Monitor the activities of the facility maintenance personnel to ensure that revenues from parking lot fees are collected and parking lot monitor personnel are on-site and performing their duties.

**Response:**

University Services Senior Administrator will ensure that appropriate supervision of parking lot personnel will be maintained. On-site monitoring of personnel will occur three times a day.

The purchase and implementation of a new Gate System for the parking lot booth as well as the implementation of a new Parking Garage Operating Procedure will be used to monitor personnel and ensure that all revenues are collected.

University Services Senior Administrator will request that all parking activities be subject to internal audits without prior notification to staff.

Additional parking lot monitors will be hired. An assessment of the existing parking lot monitors will be conducted. Based on the assessment, a decision will be made on whether to continue the individuals in their present position or to transfer one or all existing monitors to other positions in the University.

If additional information is needed, please feel free to contact me on (202) 274-5313. Thank you.

Yours truly,

A handwritten signature in cursive script that reads "Tina James".

**Tina James  
Senior Administrator**

**cc: Dr. Julius Nimmons, President  
Cyril Byron, Chief Financial Officer**

**UNIVERSITY OF THE DISTRICT OF COLUMBIA**  
**Office of the Chief Financial Officer**  
**Parking Garage Procedures**

The following parking garage policies and procedures will provide the basic guidelines for managing and collecting revenue from the University parking system.

1. Inspect window tag and monthly pass on each car as it enters the garage.
2. Issue pre-numbered daily parking permits to each vehicle that does not have a monthly or semester parking permit.
3. Issue the parts as follows:

Part 1:	To the driver of vehicle;
Part 2:	To Cashiers' Office with deposit ticket;
Part 3:	To General Accounting in the Office of the CFO with daily stubs.
4. All parking permits should be rung in the cash register in strict numerical order.
5. Maintain a list of semester and monthly patrons in the booth.
6. Each cashier/shift will start with a \$50.00 bank. (Total parking fund is \$100.00)
7. At the end of the shift, each cashier should obtain a cash register summary report to prepare a cash reconciliation worksheet.
8. List on the reconciliation worksheet the range and number of each type of parking permit sold for the day.
9. Each attendant prepares a deposit ticket and takes to the Cashiers' Office. Deposits will be made in the Cashiers' Office on a daily basis.
10. Attach cashier register tape to reconciliation worksheet along with tickets and forward audit copy to General Accounting in the Office of the CFO.

**ALL PARKING ACTIVITIES ARE SUBJECT TO INTERNAL AND EXTERNAL  
AUDIT WITHOUT PRIOR NOTIFICATION.**

Revised 7/16/99

UNIVERSITY OF THE DISTRICT OF COLUMBIA  
OFFICE OF PARKING & TRANSPORTATION  
DAILY CASH RECONCILIATION WORKSHEET

Transaction Date: \_\_\_\_\_ Collection Per Cash Register Tape \$ \_\_\_\_\_

Total Cash Collections

\$100.00 \_\_\_\_\_

1. Student Semester Decal # \_\_\_\_\_ To # \_\_\_\_\_ #Sold \_\_\_\_\_

\$50.00 \_\_\_\_\_

Cash collected # Sold \_\_\_\_\_ @ \_\_\_\_\_ = \_\_\_\_\_

\$20.00 \_\_\_\_\_

2. Faculty Semester Decal # \_\_\_\_\_ To # \_\_\_\_\_ #Sold \_\_\_\_\_

Cash collected # Sold \_\_\_\_\_ @ \_\_\_\_\_ = \_\_\_\_\_

\$10.00 \_\_\_\_\_

3. Staff Semester Decal # \_\_\_\_\_ To # \_\_\_\_\_ #Sold \_\_\_\_\_

Cash collected # Sold \_\_\_\_\_ @ \_\_\_\_\_ = \_\_\_\_\_

\$1.00 \_\_\_\_\_

4. Monthly Parking Permit # \_\_\_\_\_ To # \_\_\_\_\_ #Sold \_\_\_\_\_

Cash collected # Sold \_\_\_\_\_ @ \_\_\_\_\_ = \_\_\_\_\_

5. Daily Parking Permit # \_\_\_\_\_ To # \_\_\_\_\_ #Sold \_\_\_\_\_

Cash collected # Sold \_\_\_\_\_ @ \_\_\_\_\_ = \_\_\_\_\_

Coins \_\_\_\_\_

Checks \_\_\_\_\_

Total \_\_\_\_\_

Shortage/Overage give explanation and attach supporting documents:

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_



UNIVERSITY OF THE DISTRICT OF COLUMBIA  
OFFICE OF PARKING & TRANSPORTATION  
DAILY CASH RECONCILIATION WORKSHEET

Transaction Date: \_\_\_\_\_ Collection Per Cash Register Tape \$ \_\_\_\_\_

Total Cash Collections

\$100.00 \_\_\_\_\_

1. Student Semester Decal # \_\_\_\_\_ To # \_\_\_\_\_ #Sold \_\_\_\_\_

\$50.00 \_\_\_\_\_

Cash collected # Sold \_\_\_\_\_ @ \_\_\_\_\_ = \_\_\_\_\_

\$20.00 \_\_\_\_\_

2. Faculty Semester Decal # \_\_\_\_\_ To # \_\_\_\_\_ #Sold \_\_\_\_\_

Cash collected # Sold \_\_\_\_\_ @ \_\_\_\_\_ = \_\_\_\_\_

\$10.00 \_\_\_\_\_

3. Staff Semester Decal # \_\_\_\_\_ To # \_\_\_\_\_ #Sold \_\_\_\_\_

Cash collected # Sold \_\_\_\_\_ @ \_\_\_\_\_ = \_\_\_\_\_

\$1.00 \_\_\_\_\_

4. Monthly Parking Permit # \_\_\_\_\_ To # \_\_\_\_\_ #Sold \_\_\_\_\_

Cash collected # Sold \_\_\_\_\_ @ \_\_\_\_\_ = \_\_\_\_\_

5. Daily Parking Permit # \_\_\_\_\_ To # \_\_\_\_\_ #Sold \_\_\_\_\_

Cash collected # Sold \_\_\_\_\_ @ \_\_\_\_\_ = \_\_\_\_\_

Coins \_\_\_\_\_

Checks \_\_\_\_\_

Total \_\_\_\_\_

Shortage/Overage give explanation and attach supporting documents:

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_